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March 24, 2004

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1914 – 1999

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Ex Parte

Filed Electronically

Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

**Re: CC Docket Nos. 96-45; 01-92; 95-116
WC Docket No. 04-36
EX PARTE NOTICE**

Dear Ms. Dortch:

On March 24, 2004, the individuals from various South Dakota telephone companies and their counsel, identified in Exhibit A, met with Scott Bergmann, Legal Advisor for Commissioner Jonathan Adelstein, to discuss the impact of the Commission's current and pending proceedings on universal service; intercarrier compensation; local number portability (LNP) and voice over Internet Protocol (VOIP), referenced above, on rural telephone companies.

During the meeting, a number of issues were discussed concerning the Federal-State Joint Board's recent Recommended Decision on Universal Service, including: (1) the primary line restriction; (2) ETC support; (3) the timeframe for FCC action; and (4) the impact on rural investment during the interim. The attendees also discussed the ETC designation processes including: (1) state commission guidelines; (2) enforcement of annual audits; (3) and carrier of last resort obligations.

In addition, the attendees discussed the impact of intercarrier compensation, VOIP, and LNP on the revenues of rural carriers. A copy of the handout that was distributed at the meeting is attached.

Consistent with section 1.1206 of the Commission's rules, 47 C.F.R. §1.1206, one copy of this notice is being filed electronically in the above-captioned proceedings. Please direct any

questions concerning the above matter to the undersigned at (202) 659-0830.

Sincerely,

/s/ Benjamin H. Dickens, Jr.
Benjamin H. Dickens, Jr.

Attachments

cc: Scott Bergmann

SOUTH DAKOTA RURAL TELEPHONE COMPANIES

- I. FCC proceedings are increasing the costs of rural telephone companies and adversely impacting revenues.
- II. Pending proceedings on universal service, intercarrier compensation and VoIP could have tremendous adverse impacts on rural telephone companies.
 - A. For the rural telephone companies in South Dakota, approximately 30% of revenues come from federal universal service and approximately 24% of revenues come from intercarrier compensation
 - B. Intercarrier compensation based on bill and keep would eliminate approximately 24% of the revenues of rural telephone companies
 - C. These revenues also will be eroded as VoIP services increase if the FCC exempts all such services from access charges.
 - D. A decision to provide universal service support only to primary lines, like the recommended decision of the Federal-State Joint Board, could seriously erode universal service revenues.
- III. FCC decisions to promote competition, like LNP, increase the cost of providing service and have a disproportionate impact on rural telephone companies because they have fewer customers in their service territories to absorb the costs.
- IV. FCC decisions should reflect the different cost and benefit of various proposals on rural telephone companies.

Exhibit A

Kris Frerk, Alliance Telecommunications Corporation

Mark Bahnson, Alliance Telecommunications Corporation

David Crothers, North Dakota Association of Telecommunications Cooperatives

Jerry Heiberger, Interstate Telecommunications Cooperative, Inc.

Greg Dean, South Dakota Telecommunications Association, Inc.

Mark Shlanta, SDN Communications

Mary Sisak, Blooston, Mordkofsky, Dickens, Duffy & Prendergast